



**Consulting Project**

**Centralization of processes: Impacts of the new  
centralized opening process of new retailers on local  
team and customers  
Case study for Greece**

Petya Atanasova

**SCHOOL OF ECONOMICS, BUSINESS ADMINISTRATION & LEGAL STUDIES**

A thesis submitted for the degree of  
***Master of Science (MSc) in Management***

October 2016

Thessaloniki - Greece

Student Name:	Petya Atanasova
SID:	1102140005
Supervisor:	Prof. Korina Katsaliaki
Supervisor from CHEP:	Rea Lambou

I hereby declare that the work submitted is mine and that where I have made use of another's work, I have attributed the source(s) according to the Regulations set in the Student's Handbook.

October 2016  
Thessaloniki - Greece

## Contents

Abstract	4
Company profile	5
Introduction	6
To centralize or not to centralize: Which functions/departments should be moved centrally and which not?	6
A theoretical approach	6
Research Design and Methodology	10
General description of CHEP pooling system	11
Outlining the process of opening new D locations before centralization	16
Outlining the new centralized process of opening new D locations	18
Declarations from Customers (tED) to new locations: Basket Process	20
Survey results	25
Results of the quantitative data	28
Conclusion	36
Recommendations	37
References	37
Appendix	38

## Abstract

It is common practice for most of the multinational firms the last years to centralize supportive departments and keep locally core departments which requires direct contact with customers – Customer Service/Support, Sales etc. Nowadays, most of the companies with global operations centralize their IT, R&D and Production functions for example. The trend in highly centralized organizations is to include also Finance, Logistics, Marketing and Human Resources Departments in the centralization plan. Admittedly, these practices lead to reduction of administrative volume and other costs. However, the challenge for strategic planning has been always what to centralize and what to decentralize. Both strategies have advantages and drawbacks, but the vital question is if these drawbacks put at risk customer satisfaction and if in the long term companies observe how their client portfolio shrinks.

The main scope of the consulting project is to provide more profound analysis of the following centralization practices within the company:

- Centralization of specific process – Manufacturers (Customers for CHEP) send equipment (pallets) to their customers (usually retailers). CHEP denotes these retailers as D locations in its glossary. Long procedure stands behind the opening of D locations in CHEP system. Does centralization of the process deprive of flexibility local teams? In terms of administration, cost and customer relationship is there any negative or positive impact?

The research methodology applied in the project is retrieved from different sources in the attempts to present comprehensive results and recommendations. First, primary data from the company software system has been collected and split into two periods 01/07/2013 – 31/12/2014 and 01/01/2015 – 30/06/2016 in order to carry out a collation of KPIs between the two periods. Furthermore, survey with questionnaires has been carried out among CHEP employees from Customer Service, Sales, Logistics and Asset management departments directly affected by centralization.

Keywords: customer service, centralization of processes, logistics, efficiency, cost reduction, strategic management

<b>Project name: Impacts of the centralized new opening process of new retailers on local team and customers</b> <b>Case study for Greece</b>	
<b>Project Definition</b>	<b>Period under review</b>
<b>Problem Statement:</b> Centralization of D-opening process and Logistics department aroused changes for local teams' operations and customer service. This brought both benefits and drawbacks.  <b>Goal Statement:</b> To investigate to what extent positive effects outweigh the negative in the case of Greece	01/07/2013 – 31/12/2014 AND 01/01/2015 – 30/06/2016
<b>Key Dependencies</b>  Efficient collection engine Customer advocacy	<b>Key issues/questions:</b>  Which are the impacts on overall NCD <sup>1</sup> charge reduction, invoices, FTR of new D locations?  Which are the impacts on flexibility for local back office team, process simplification, employee's satisfaction?

## Company profile<sup>2</sup>

The consulting project with title “Centralization of departments and processes: Impacts of the centralized new opening process of new retailers on local team and customers” have been conducted with CHEP company. CHEP is a leading provider of pallet and container pooling services for the Aerospace, Automotive, Chemical, Consumer Goods, Fresh Food and Manufacturing industries. The company provides equipment pooling which is the shared use of high quality standard pallets (platforms) and containers by multiple customers. CHEP is a member of the Australian-based Brambles Group<sup>3</sup>. Brambles is a supply-chain logistics company operating in more than 50 countries, primarily through CHEP and IFCO brands with more than

<sup>1</sup> All abbreviations in the project are explained in Appendix table, p. 39-40

<sup>2</sup> [www.chep.com](http://www.chep.com)

<sup>3</sup> [www.brambles.com](http://www.brambles.com)

12 500 employees and 500 000 customers worldwide. CHEP platforms and solutions enable manufacturers' supply chain to meet their profitability and sustainability goals, without having to compromise one for the other. While CHEP is improving customers' bottom line, the company also reduces impact on the environment; carbon footprint, consumption of natural resources, waste sent to landfills.

CHEP manages, maintains, transports and supplies more than 300 million platforms for its customers. All are shared and reused by growers, manufacturers, distributors and retailers. By enabling its customers to outsource, share and reuse pallets, CHEP empowers the supply chain to use higher quality equipment, connect seamlessly with more trading partners, reduce transportation, create less waste, use less natural resources, lower platform inventories and attain the many efficiencies of standardisation.

## **Introduction**

The project is divided into two main sections. In the first section of the project, the literature review, are exposed the theoretical dimensions of centralization within business organization. General theoretical approach to this matter is described with its benefits and pitfalls supported with surveys and case studies from the business world. In the second section is provided description of CHEP processes transferred from local responsibility to central management. This section is consisted of two subparts 1) outlining of CHEP standard operational procedures before and after centralization (SOP) 2) the emerged outcomes from the decision to hand over the implementations of some processes centrally. They are supported by quantitative findings from the enterprise resource planning system (ERP) and questionnaires obtained from CHEP employees respectively.

## **To centralize or not to centralize: Which functions/departments should be moved centrally and which not?**

### **A theoretical approach**

Centralization is in the scope of strategic and operational management and before taking the decision to centralize back office activities or entire departments very comprehensive preliminary

research should be implemented. Many factors play role in a successful centralization and it always depends on company's priorities. As all business decisions there are benefits and drawbacks, depending on the degree of centralization, the nature and the desired outcome of it. Here are some advantages of centralization<sup>4</sup>:

- Unbiased allocation of work: moving some back office tasks to a central level contributes to fair allocation of the work volume. Countries with small multi-tasking teams will benefit, because back office employees very often are involved in supporting roles for more than one department. With a certain level of centralization the multi-tasking is reduced and a central team with clearly delimited responsibilities and amount of work will take over it.
- Cost reduction<sup>5</sup>
- Standardization of work: centralization contributes to the spread of common practices across organization. Processes and policies will be aligned among different teams and countries, which will lead to more transparent work implementation.
- Specialization: the tasks are assigned to employees specialized in certain areas. This reduces misleading instructions and time spending on feedbacks.
- Replication of work: practice shows that centralizing activities to specialists on this area reduces duplicate work and allows local staff focusing on their core responsibilities.
- Flexibility: according to many researches, flexibility is one of the advantages of centralization. However, it cannot always be considered as a benefit. Some centralized functions indeed support flexibility within organizations. On the contrary, other types of centralizations make it more complex for local teams to cope with effectiveness and customer satisfaction.

That's why flexibility can be considered in the same time as advantage and disadvantage.

---

<sup>4</sup> Centralization in an Organization: Advantages and Disadvantages, Asma Zaineb, 11.01.2011. Link to original article: <http://blog.commlabindia.com/elearning-design/system-of-centralization>

<sup>5</sup> Centralized Operations: The future of operating models for Risk, Control and Compliance functions, EY, February 2014. Link to original article: [http://www.ey.com/Publication/vwLUAssets/EY\\_-\\_Centralized\\_operations:\\_future\\_of\\_Risk,\\_Control\\_and\\_Compliance/\\$FILE/EY-Insights-on-GRC-Centralized-operations.pdf](http://www.ey.com/Publication/vwLUAssets/EY_-_Centralized_operations:_future_of_Risk,_Control_and_Compliance/$FILE/EY-Insights-on-GRC-Centralized-operations.pdf)

In addition, other drivers to centralize processes are: cost savings (42%), head-count reductions (24%), increased efficiency (21%), and lower cost locations (18%)<sup>6</sup>. Other positive results: better decision support (60%), the development of common practices (40%), and common data structures (34%)<sup>7</sup>.

Some of the disadvantages are:

- Bureaucracy<sup>8</sup>: strict conformity to official rules and SOPs significantly constrains local intervention.
- Less autonomy and creativity: because of the abovementioned lack of flexibility and rigorous conformity to official norms employees are deprived of taking their own decisions, solving on the fly problems and putting creativity in their daily tasks. This sometimes can be demotivating for boosting their originality and brain storming.

However, when taking the decision for centralization and shared services the top management team of the company should take into consideration many barriers that may occur during the implementation: Conflict between country and corporate managers (30%); poor people management (13%); inadequate IT infrastructure and support (12%); insufficient project planning (12%); and difficulty recruiting in certain locations (12%) (PwC Advisory Sourcing Guideline). Very precise implementation project is needed with proactive communication plan between all parties. Otherwise, companies with insufficient centralization strategy encounter huge range of documentation, communication protocols and standards which should be adjusted also locally. Before implementing shared services/centralization strategy, the company also should consider what kind of centralization approach will be followed. The three most common options are: fully centralized approach, centers of excellence approach and regional clusters approach. The chosen option must be in accordance with the business organizational structure and to the extent of globalization of its services. The most demanding one is the fully centralized approach, which requires very consistent execution plan. The centers of excellence concentrate in different locations the operation of processes depending on the level of expertise of these locations. The

---

<sup>6</sup> How to design a shared service center that works, PwC Advisory Services sourcing. Link to the original article: [https://www.pwc.com/us/en/issues/efficient-shared-services-centers/assets/shared\\_services\\_qualifications.pdf](https://www.pwc.com/us/en/issues/efficient-shared-services-centers/assets/shared_services_qualifications.pdf)

<sup>7</sup> ibid

<sup>8</sup> [http://www.b2bmanagementservices.com/why\\_use\\_managed\\_services/business\\_consolidation/](http://www.b2bmanagementservices.com/why_use_managed_services/business_consolidation/)



cluster approach is usually a preliminary step before the entire centralization. Whatever approach will be applied, the management team should adapt its project plan to a mixture of factors. The company should have a global organizational structure and not fragmented operational model. All business units, managers and employees should support the project of centralization. Also it should be embedded in the long term objectives of the company and not just focusing on cost savings. Cultural diversity also should be taken into account, since multi-national differences can lead to misunderstanding and unclear communication. That's why it is important to keep the centralization process simple emphasizing on the human factor and not just on technological advancement and complex procedures. Common IT platform must be established with consolidated activities between the involved departments,

Moving on to logistics centralization according to APQC's Open Standards Benchmarking in logistics<sup>9</sup>, 65% of the companies participating in the survey have adopted centralized model. Some of the advantages of consolidated logistics are less needed warehouse space, cost reduction and standardization of logistics processes. The finding of the survey show that centralization of logistics leads to better inventory management and higher logistics cost, but in terms of quality of deliveries to customers both centralized and decentralized structured have the same performance. On the other hand the fewer stockouts associated with centralized inventory management improve customer experience and although the quality of deliveries is the same the overall customer satisfaction is higher. Also, centralized logistics organizations have lower value of sales order line items, which contribute to save cost in line items not delivered to customers. For example, a company with 1 billion revenue will save 7.2 million in line items. Inventory and inbound materials management seems to be more effective for centralized structures, which respond to customer demand with better stock planning. Summarizing, whether a company is better to centralize or not depends on its specific strategic priorities. If the positive effects of better inventory management and standardized logistics processes offset the negative impact of higher logistics costs, then the company should proceed with centralization. It always depends on the final business outcome that should be achieved

---

<sup>9</sup> Should you centralize or decentralize your logistics structure? Not an easy question: The answer really depends on your strategic priorities. Becky Partida, Research Specialist-Supply Chain Management, APQC. Link to original article: [http://www.supplychain247.com/article/centralizing\\_logistics\\_leads\\_to\\_mixed\\_results](http://www.supplychain247.com/article/centralizing_logistics_leads_to_mixed_results)

## Research Design and Methodology

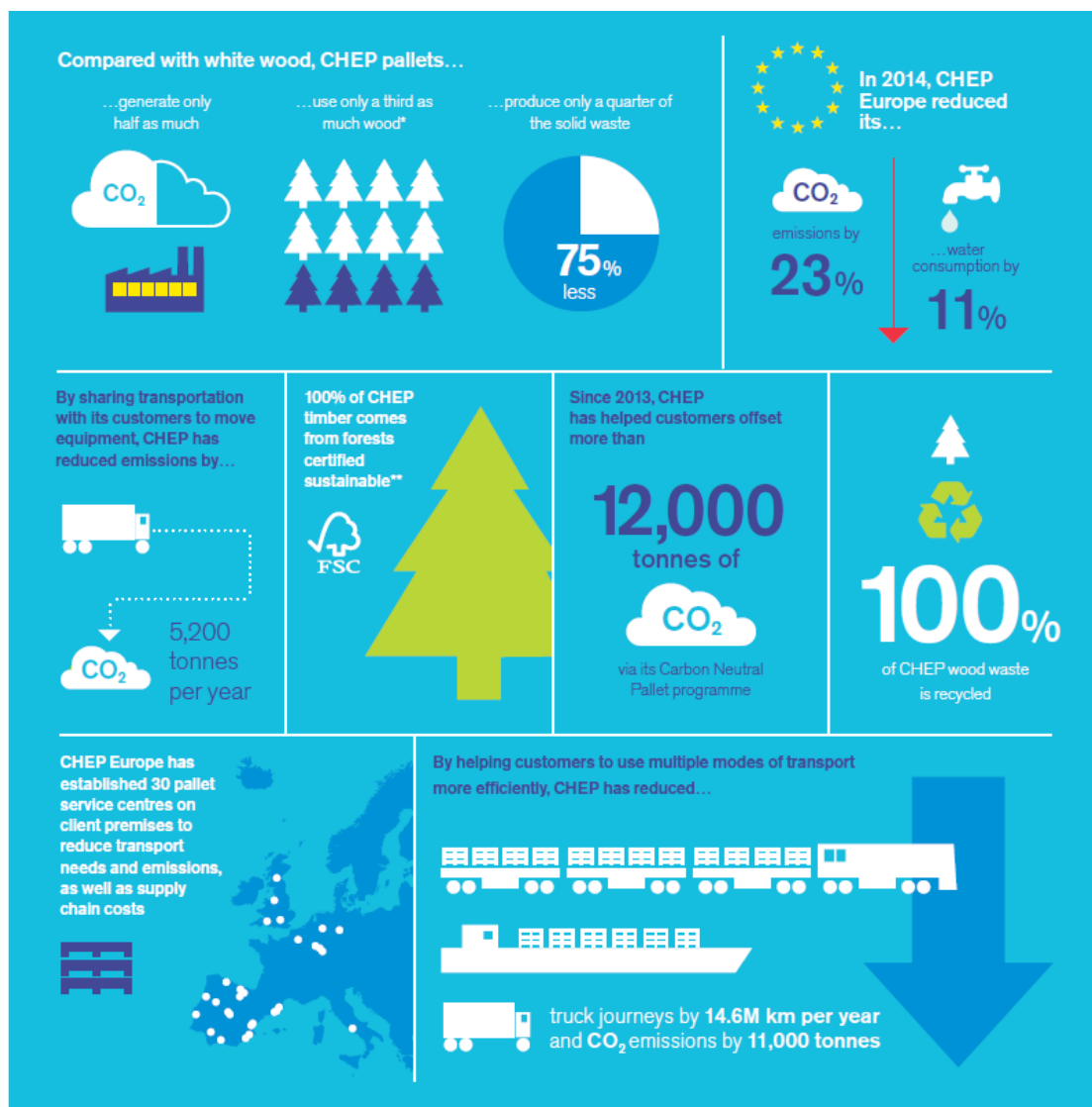
The research methodology of the project collates both quantitative and qualitative research. The qualitative is consisted of paper review in the first section of the project. The second section of the quantitative research is supported by three methods:

- Questionnaires: 7 participants out of 14 were solicited to answer a set of 8 questions with 5 scale likert closed-end answers. This was the maximum number of participants that could be included in Greece, taking into account that the total number of employees is 14 and not all of them are directly affected by the new processes. They come from different background such as Sales, Customer Service, Asset protection and Logistics and either in terms of administrative matters or in terms of commercial approach, their work routine was in some degree altered.
- Primary numerical data: it is retrieved from company software systems (Siebel, SAP, BW) and used for first time in this research. The data is grouped into two periods, before and after centralization, so a comparison of KPIs for equal periods to be feasible. The KPIs included here are Volume of Bad data movements, New receiving locations (denoted as D), Collections from new Ds, FTR from new Ds and Non cooperative charges in euro (NCD). Volume of Bad data refers to the administrative concern of the project, while the other three KPIs refer to cost and customer satisfaction matters. The data is retrieved and manipulated by the researcher of this project. A set of specific reports that best address the problem have been used as generator for the KPIs. The analysis is based on historical data statistics for the two periods and compares total numbers of: bad data movements of the two periods, total numbers of new receiving Ds, total number of collected pallets from new Ds and finally total amount in euro for NCD charges.
- Flowchart: special shapes have been used to depict different types of actions in the D-Opening process.

Limitations: some KPIs are not solely affected by the new centralized process. Other factors apart from centralization are involved in NCD variance. For instance, NCD charges are increased due to the new Basket procedure, but it is difficult to define the exact percentage attributed to centralization. Disrupted partnership with major retailers, increased flows to old non cooperative locations and many other factors also play role in changes of NCD amount. Other KPIs represent absolute numbers that depend only on one factor (new centralized process) and the KPIs affected by a comprehensive factors are used as supportive.

## General description of CHEP pooling system

Instead of tying up capital buying pallets, many manufacturers worldwide rent them from CHEP. CHEP manages the supply, maintenance, storage and quality assurance of the pallets customers need, while they focus on optimizing their supply chain efficiency. CHEP invented pallet pooling 60 years ago and, to this day, it remains one of the most efficient, cost-effective and environmentally friendly platform solution available. In terms of environmental care, compared with white wood the usage of CHEP pallets reduces the CO<sub>2</sub> emission, water consumption, truck journeys. Also, the wood waste is recycled by 100%. The environmental benefits of CHEP pooling system are shown on the below picture Figure 0-1



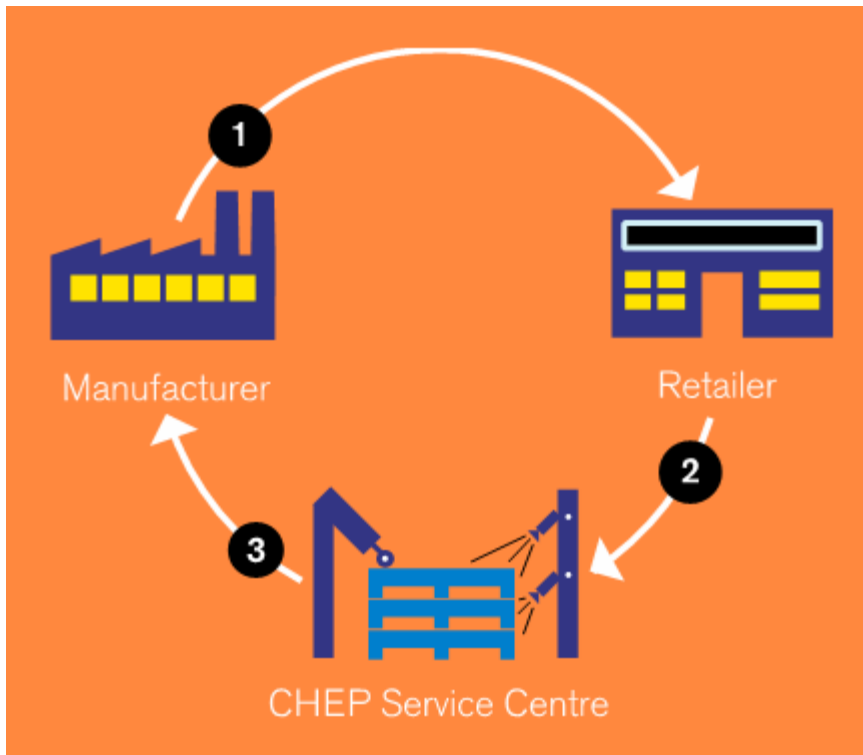
\* Calculations based on Life Cycle Assessment (LCA) of CHEP Euro pallet (1,200mm x 800mm) versus the white-wood equivalent over 100,000 trips. CHEP LCAs are independently peer reviewed and ISO 14044 certified. \*\*Timber sources certified by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC)

Pooling allows to rent and share equipment rather than having to buy and recover it after deliveries. It reduces the need to move equipment across manufacturer's supply chain and around his facilities. And by reducing movement, manufacturer automatically reduces CO2 emissions. Pooling also uses fewer natural resources because pallets are inspected, repaired and reused. The fact that every pallet in the pool is maintained for consistently high performance also has indirect sustainability benefits. It reduces the risk of product damage and food waste in transit and the disruption of automated systems, both of which require extra energy and resources to put right. Independent research (Source: Intertek-RDC Environment 2 Source: Handelsdaten.de HBV, 2013 3 Excludes Russia ) has confirmed that, compared with white-wood exchange, CHEP pooled pallets emit only half as much CO2, use only a third as much wood and produce only a quarter of the solid waste. These are the findings of a life cycle assessment (LCA) of CHEP's Euro pallet (1200 x 800mm), UK pallet (1000 x 1200mm) and half pallet (600 x 800mm) versus the white-wood equivalent over 100,000 trips. The LCA was carried out by Brussels-based Intertek-RDC Environment, a leading environmental consultancy, then independently peer reviewed and ISO 14044 certified.

In the below 3 steps is described how CHEP pooling system works:







1. Customers use CHEP pallets to move goods across supply chain and takes care of all pallet management needs.
2. If the companies that receive deliveries are CHEP clients, they can reuse the pallets for their own deliveries. Alternatively, the pallets can be returned to customer or sent to CHEP for servicing.
3. With One Way Trip service, CHEP collects every pallet from its delivery point, inspect it and, if necessary, repair it before making it available again for reuse.

Figure 0-2



Source: CHEP Marketing Presentation 2016, Internal Confidential Database

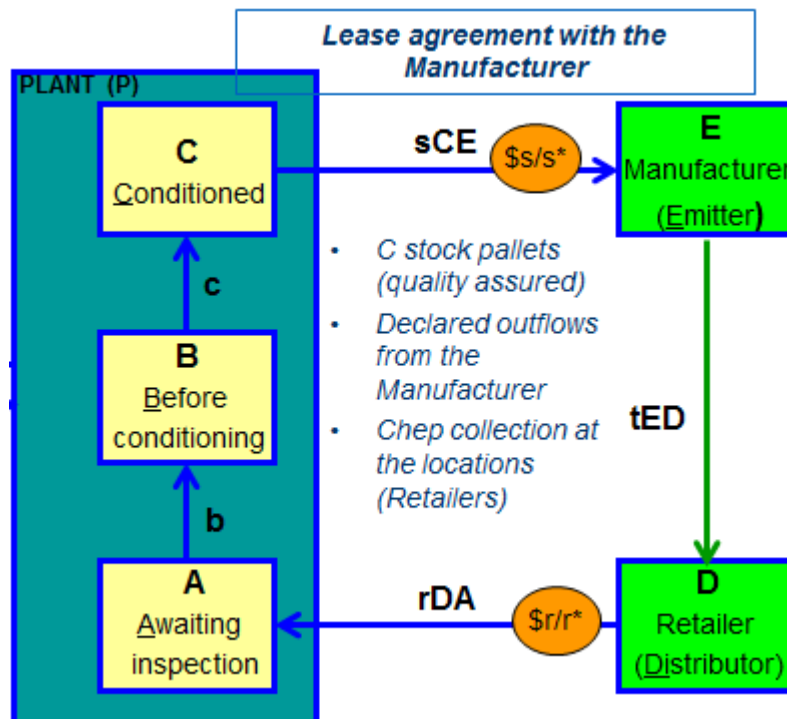
Figure 0-3

	<p><b>Transportation solutions</b></p> <p>CHEP transport collaboration services can help customers take trucks off the road, reduce costs across the supply chain and improve customers' environmental performance.</p>
	<p><b>Replenishment and merchandising solutions</b></p> <p>CHEP has the widest range of platforms to maximize product availability and visibility, aid stock replenishment and provide retailers with promotional display options.</p>
	<p><b>Platform supply optimization</b></p> <p>CHEP works with manufacturers to deploy them as efficiently as possible – streamlining their supply chain even when non-CHEP equipment is involved.</p>
	<p><b>Platform solutions</b></p> <p>CHEP provides a range of special treatments and conditioning processes for pallets, tailoring them to their needs in areas such as hygiene.</p>
	<p><b>Sustainability solutions</b></p> <p>CHEP can help manufacturers look for ways to improve manufacturers' environmental credentials by minimizing unnecessary truck mileage, removing waste and cutting emissions.</p>
	<p><b>System-wide solutions</b></p> <p>Using CHEP online platforms to manage customers' account gives them exceptional oversight of the workings of their supply chain, and even provides data that can help them improve it.</p>

Source: CHEP Marketing Presentation 2016, Internal Confidential Database

Figure 0-4 depicts the supply chain of the pallets. Pallets are delivered from plant to customers (emitters) and then customers declare outbound flows of pallets to D locations (distributors/retailers). Conditioning pallets are denoted with capital C: these pallets which have been inspected, have gone through conditioning treatment and are ready to use. Equipment that is currently under inspection and repairmen is denoted with capital B and finally equipment pending to be inspected is denoted with capital A. Plant (P) or also the service centers is the place where the equipment is inspected, repaired and prepared for usage. Emitter (E) or manufacturers are CHEP client that have commercial agreements with CHEP. Distributors (D) or retailers are the final points where CHEP collects its pallets from, once they are empty. They are also called D locations and CHEP does not sign commercial agreement with them. sCE is abbreviation for pallets sent from the plant (p) in status conditioning (C) to emitters (E), tED is abbreviation for transfer of pallets from emitters (E) to distributors (D) and rDA denotes the return of pallets in status A (uninspected) from D locations to plant.

Figure 0-4



Source: CHEP ABC model presentation, 2013, Internal confidential database

## Outlining the process of opening new D locations before centralization

CHEP maintains a huge data with retailers (D locations) in its system. The D locations receive pallets mainly from manufacturers denoted as E locations (CHEP customers). D locations can also receive pallets from other D locations, but this is not the scope of this project, therefore further details will not be provided. Three general methods of opening new D locations in the system were available prior centralization of this process. They are outlined briefly in the following paragraphs:

**First method:** Manual opening of D locations – Using this method CHEP back office employees were allowed manually via template to create new D locations. Filling in all the mandatory details (address, postal code, receiver name, country) in a short time of 3 to 7 working days deadline the new locations were created in Siebel (software system of Oracle). There were no restrictions to this process in terms of existing declarations by the customer, quantity of pallets, reporting parent. In the below example is described a hypothetical scenario, the names below are used for the sake of the examples and do not represent real numbers and cases.

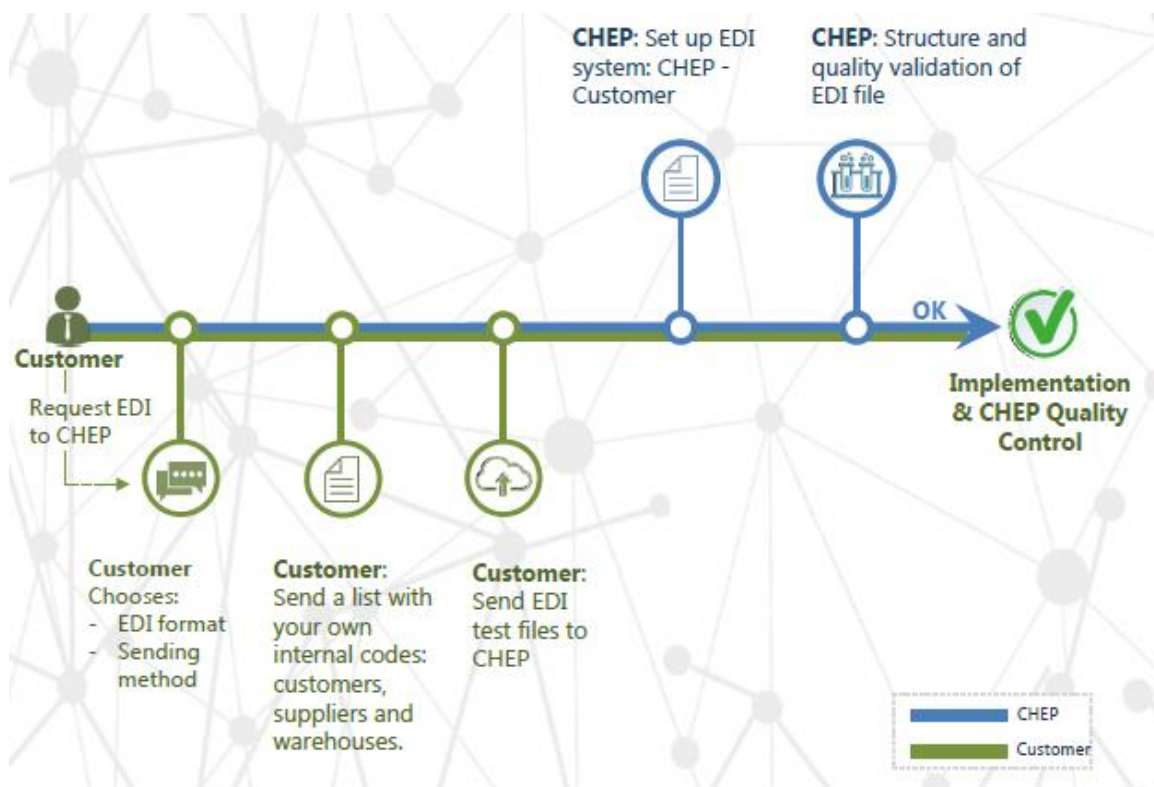
Example: Manufacturer Nestle has some new flows and will start sending pallets to a small distributor Georgios Papadopoulos & Sia, but has not submitted any declaration in CHEP software. This D location is not yet open in CHEP system, but it can be created in advance manually via template and a service request in the system without any prior proof of declaration by the sender. Once the E starts sending pallets to Georgios Papadopoulos & Sia there will be already created global identification number (gid) in the system used for declarations by Nestle. Georgios Papadopoulos & Sia belong to RP Other, because it is a separate business entity that does not belong to a retailer's supply chain like Metro, Carrefour etc. These retailers have their own reporting parent (RP) names.

**Second method:** EDI (Electronic Data Interchange) – It's the Electronic Data Interchange between companies using files in a standard format. With the support of CHEP EDI team customer can generate a special file with outbound flows to D locations and send the file with the declarations to CHEP EDI email. Once, the file is sent the movements will be checked by the TDM (transactional movement team). For the customer exist two alternatives of structuring the EDI file: to declare via his own customer codes (every D location has a unique code in the customer database) or to declare via CHEP codes. The benefits with this methods are that once EDI is set up in the system



for a customer, manual intervention is reduced significantly. It enables system to system communication without human intervention, Enables system to system communication without human intervention and multiple handling of paperwork. Also, the back office local customer service team should not create manually in advance D location, but once the movements to unknown new locations (admin movements) are in the system the D opening team (MD, TDM, PACE teams) will create new gids for the new D locations.

Figure 0-5



Source: CHEP EDI Implementation presentation, 2015, Internal confidential database

Example: Let's suggest that customer Procter & Gamble has agreed with CHEP to move to EDI. For the conversion the customer should provide the following information to the EDI CHEP team: internal own code, GNL and CHEP code, distribution list of all receivers (full name, address, postal code, phone), product type, quantity, date of dispatch and reference (delivery note or invoice number etc). EDI team sets up the exchange file. If needed the customer service back office team will provide support with the translation able (TT) between receiving locations customer own

codes and CHEP codes (gis). Once P&G has sent a testing file and EDI team has ensured the compatibility of the file with CHEP quality norms, customer can start sending to a specific email for these purposes a regular files to this email and the transactions will be generated automatically in the system.

**Third method:** Portfolio Plus: This is platform that can be accessed via CHEP's website. Customers can declare manually one by one all transactions, or for saving time to import a bulk report with up to 200 transactions. The drawback of the first option is the big amount of manual work required to submit every outbound movement separately. The drawback of the second option is that it cannot be applicable for new D locations. So if the customer has to declare movement to new receiving location the bulk report cannot support this and the movement should be submitted separately through the standard first option.

## Outlining the new centralized process of opening new D locations

Moving a centralized D-opening process as a general rule new D (Distributor) locations must be created as a result of a transaction submitted by a customer and not manually via template by CHEP back office staff, that's why it is very important for customer to include full details of the receiving D location. A basic prerequisite a new D location to be creates in the system is the declared quantity to be over 20 pallets. Otherwise the movement goes to a basket account, until over 20 pallets are accumulated to the same receiver. In some exceptional cases, D location is allowed to be created manually based on the following criteria.

- They belong to a reporting parent account (for example Metro, Carrefour, Lidl etc)
  - Triggered by the collection engine (Blue Code / Assets Protection).
  - An E (Emitter) account is closed because it does not work anymore with CHEP or because of ceased trading.
- All the new D accounts are created as LVD (Low Volume Distributor) / NCD (Non Cooperative Distributor) by default unless they belong to an existing Siebel Reporting Parent.
  - D accounts are opened / re-opened in the CHEP's database when they receive in excess of 20 pieces of equipment during the last six months of activity.

- Flows declared to these locations are posted to an administrative “Basket” account (to be investigated) where NCD (Non Cooperative Distributor) / LVD (Low Volume Distributor) charges are applied. This is aligned with the standard charges applicable to New D Other locations.

The D account classification is updated once a year, at the beginning of the FY. (July), based on the stock and flows information reported in the previous 12 months.

Customers can declare their outbound flows through the following methods:

The only accepted declaration methods are:

- EDI (Electronic Data Interchange): This is a very powerful tool in terms of customer declarations, (in order to avoid LDC (Late Declaration Charges) and LEC (Lost Equipment Charges)), but it requires to be configured for the customer (Recommended for more than 200 transactions).
- Portfolio Plus (PP+)
- Manual
- Bulk Import (Recommended for more than 20 transactions )

Below are the fields that must be included in the customer declarations at transactional level:

- Sender
- Receiver / own code
- Material
- Quantity
- DOD (Date of Dispatch) / DOR (Date of Receipt) - Movement Date.
- Customer Movement References
- Full Counterpart details - Name, Address, City, Zip Code, Country, and Telephone Number.
- The customer can link the own customer counterpart code with a CHEP code through the CHEP web Portal.
- The customer can declare using their own material code. This can be easily translated into a CHEP material code but must be communicated to CHEP in advance in order not to generate rejected transactions.
- The customer cannot use a unique own code to declare one transaction to different destinations.
- Declarations must be submitted to CHEP when they have already taken place, that is to say, forecasts are not allowed.

- Duplicate transactions (more than one transaction with exactly the same details) declared by the customer are not accepted and will be automatically rejected. Identical transactions are considered duplicates and will be automatically rejected.
- The number of CHEP pieces of equipment declared by a customer at transactional level cannot be accumulated in a periods greater than a day. The customer should declare one transaction per dispatch.

### Declarations from Customers (tED) to new locations: Basket Process

These movements are picked up by Codification Team in Manual Match Process when a counterpart hasn't been found in the system and enough address details are available. If there is insufficient account address information, movement will be reversed on customer (Bad Data Status) and cannot be included in Basket Process.

Declarations with enough address information are managed in two ways depending on quantity by Codification Team:

- Movements with quantity < 20 are posted to examine their status in DQS adding a specific comment
- Movements with quantity > 20 are included in D-Opening Process.

The quantity is fixed by Business Agreement for each Country. Movements sent to Examine (X) Status are extracted in a monthly process using BW. Only umis (unique movement identification number) with specific comment are included in Screening phase in order to confirm the Channel and Location Size for each new receiver:

- Receiver classified not equal as NCD/LVD. The movement will be included in Standard D-Opening process in order to be invoicing according to the Channel & Size setup.
- Receiver classified as NCD/LVD:
  - Movements with quantity >20 are included in D-Opening Process
  - Movements with quantity <20 are sent to Basket Account.

There is a **Basket Account** for each country. Movements are sent to these Basket Accounts based on informer country.

The **Basket Accounts setup** is as follow:

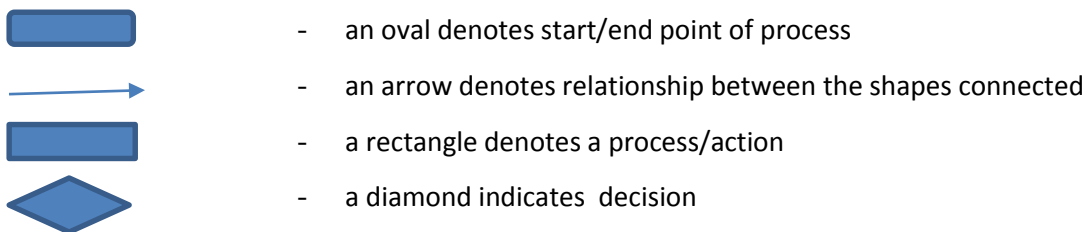
- Owner (Account Executive in Siebel): GONZALO
- Channel: Non-Coop. D <50%FTR (NCD)
- Location Size: A Minor: Small < 100 (LVD)
- Secrecy flag: On
- Parent GID/Name: 0100194018 TDM BASKET
- Reporting Parent GID/Name: 0100951277 TDM BASKET
- Account GID

Movements posted to Basket Accounts will be invoiced with receiver NCD/LVD, so price structure integrity will be respected for declarations with new receivers classified as NCD/LVD with quantity < 20. Any declaration to be posted to Basket Accounts **out of this process must be approved by TDM Manager**. All transactions posted to Basket Accounts are included in a **Reconciliation process**. In this process movements posted to Basket Accounts are grouped by receiver address and account name in order to detect:

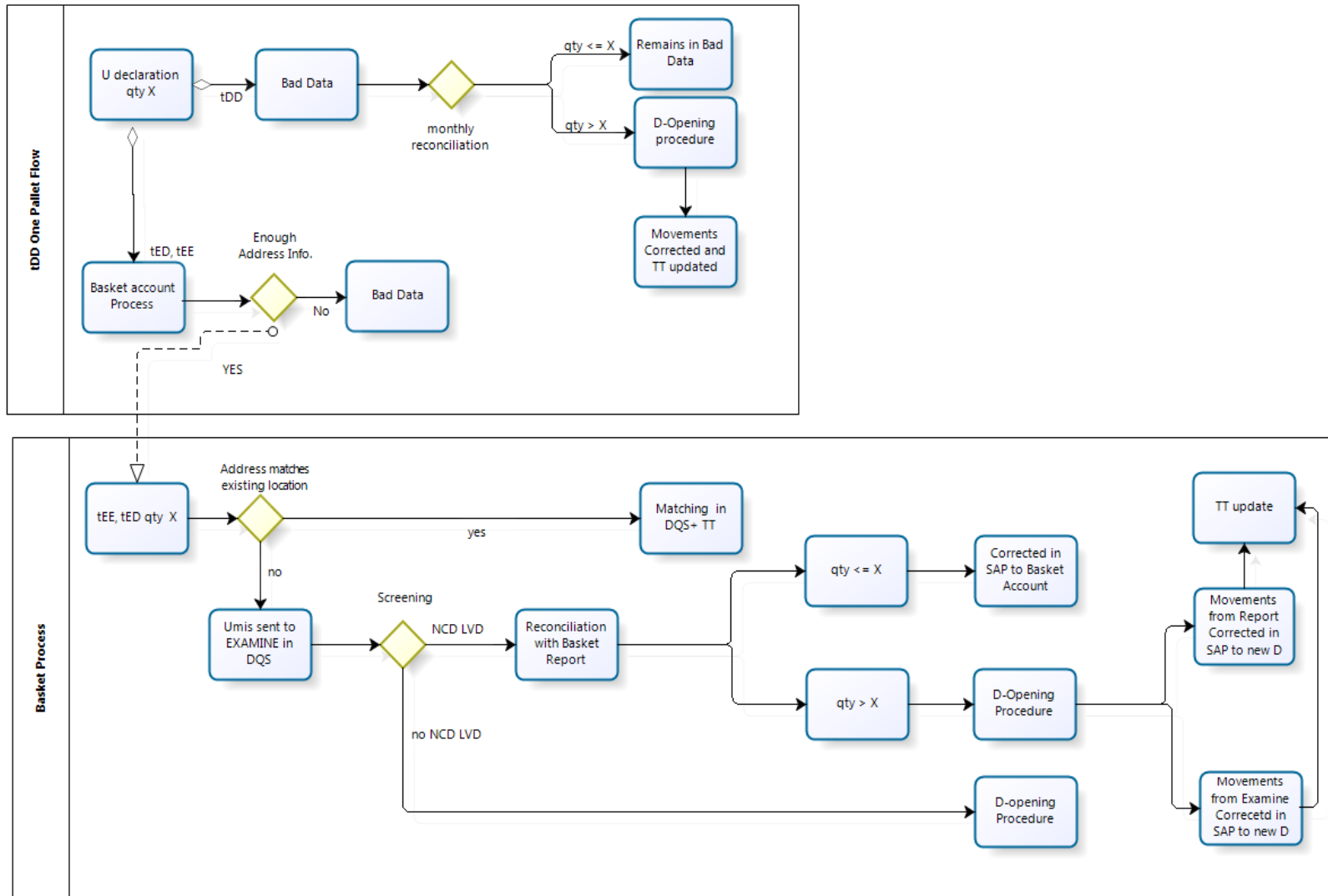
- Umis with quantity < 20: D-opening process will be applied for new destinations. Previous movements with same address data will be corrected from Basket Accounts to new GIDs provided in D-Opening Process. TT is updated with the new destination.
- Movements with quantity < 20 remains in Basket Account waiting for enough quantity stock in new destination to start D-Opening Process.

Process Map 1 and Process Map 2 represent descriptive flowcharts of CHEP D-opening process.

Each symbol indicates a specific designation:

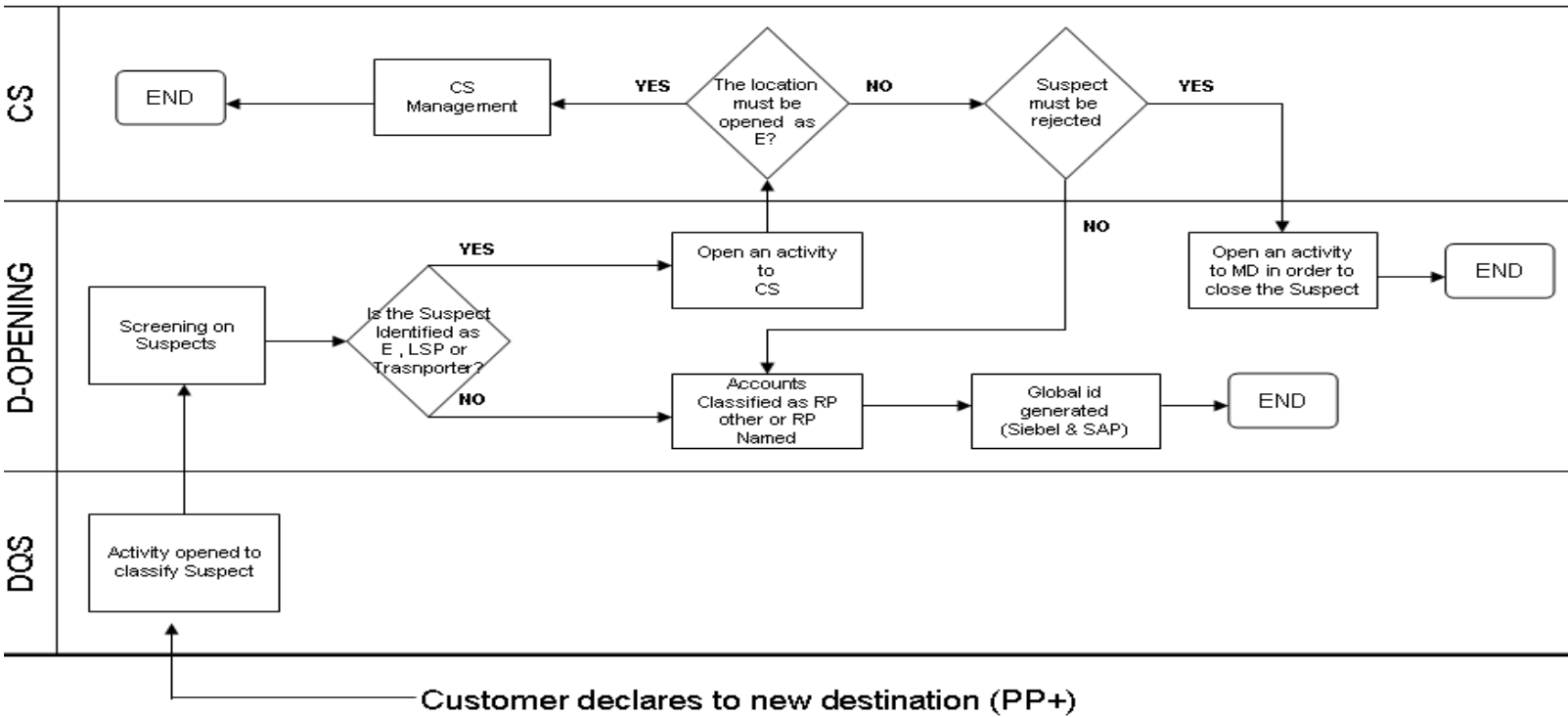


## Process Map 1



Description of Process Map 1 with example: Procter & Gamble declares 15 pallets to new receiver D not created yet in CHEP system (tED movement). The declaration is generated in status U (unknown movement) in the system. If the quantity is less than 20 pallets and the receiving location does not belong to existing reporting parent then the movement will follow the Basket account process. If there is missing data in the transaction Procter made ( address, invoice number etc) the movement goes to Bad Data and will be reversed back to P&G pallet balance, so if P&G stock balance is 1000 pallets after the declaration of the 15 pallets, the balance after the reversal of the movement due to Bad Data will be 1015 pallets. Let's suggest that the data provided by

P&G is sufficient and the movement will not go to Bad Data. As the quantity is less than 20 pallets the transaction will follow the basket process. If during the matching process in DQS the same address as the address of the transaction is found in the system, then the movement will be assigned to this already existing location D. If no matching found then the transaction will be further screened in DQS. If the location belongs to an existing reporting parent without NCD and LVD charges (Metro, Lidl, Sklavenitis) a new D location with gid will be created in the system through the D-opening procedure. In this case the transaction is below 20 pallets and not belonging to RP, so it will be assigned to the Basket Account created for these kind of movements. If the movements was with quantity 25 pallets then it would follow the D opening procedure directly and once the new D gid have been created in the system, the movement would be assigned to it and the translation table (TT) between the sender P&G and the receiver D would be linked.

**D-OPENING**

Description of Process Map 2: D-Opening process is outlined in the above figure. When a customer declares outbound flows to new receiver, either via Portfolio Plus or via EDI, the movement initially passes through DQS system for screening new locations and classifying them. If the location already exists in the system the movement will be transferred to this location. If not suspected account is created, which passes through a second screening phase. If the suspected account is identified as an existing customer, Logistics Service Provider or transporter then an activity is assigned to Customer Service Team. If CS decides that the movement belong to some of these categories then CS must take responsibilities of the movement. IF not, then the suspected account must be either rejected or generated in the system as new D location.



Figure 0-6

Transaction									
Product: 3 B1208A- 800x1200 Block Pallet									
Date of Dispatch	Date of Notific	Reference 1	Reference 2	Reference 3	Counterpart ID	Counterpart Name	Counterpt City	Quantity	Product Days
08.08.16	09.08.16	4552321822001	8075954016	00010	5203278900002	Location Unk		-32	-736
08.08.16	09.08.16	4552321822002	8075950313	00020	5203278900002	Location Unk		-31	-713
09.08.16	10.08.16	4552330401001	8075929265	00010	0001987523	Andreadakis	Ioann	-30	-660
09.08.16	10.08.16	4552320331001	8075865160	00010	0001987527	Dermanis K.&	Lefka	-30	-660

Figure 0-6 is a print screen from a customer invoice which shows a transaction list of the outbound flows to D locations. The declaration highlighted with red color refers to new receiver, not yet created in CHEP system. As we can see counterpart name is denoted with Location Unknown and not the actual name of the receiver, therefore it is more difficult for a customer to track its transaction to new receivers and some missing declarations can be omitted from their matching control. The transactions highlighted with blue color refer to pallets sent to already existing D location in the system and it is clear who is the counterpart name.

## Survey results

Questionnaires have been distributed to a target group of employees in Greece and Balkans, whose daily tasks were affected in some degree by the new centralization process of D – opening and Logistics department. The survey has been carried out between August-October 2016. The total number of employees in Greece related to this matter is 13 and 7 of them participated in the survey. They work for Customer Service, Logistics, Asset Management and Sales departments. The purpose was to obtain information about the overall impression, which the new practices created among the involved parties and to measure the overall employee satisfaction. This is of vital importance, because very often we find discrepancy between KPIs and employee satisfaction. The reason beyond this inconsistency and contradiction between different indicators is that some additional administration and obstacles caused by centralization cannot be detected through the software system. For instance, e-mail correspondence, phone calls and conversations via company chat system cannot be included in the data, and practically makes it infeasible to compare time spent on this tools before centralization and after centralization. In the beginning of the transition period the overall impression among employees was that the new

processes create unnecessary interventions by local team, in order to clarify, modify or take actions manually. Now, when 1,5 year has passed from the launch date of the centralization, the outcome of the questionnaires is void of the subjectivity of the transition period. Participants have been asked to answer 8 questions related to centralization implementation. For the needs of the survey, closed-end and 5 scale likert type of questions has been used, because this type is more suitable to assess how someone feels toward a certain product, service, process or issue. They have been asked to reply to what extent agree or disagree or feel neutral about impacts of D-opening and Logistics centralization related to:

- Simplicity and transparency
- Double administration
- Saving time for core business activities
- Guidelines and training provided by the company
- Information distributed to local teams before the implementation
- Overall employee's satisfaction
- Customer satisfaction

The manipulation of the received responses has been carried out with the support of surveymonkey website tool and excel descriptive statistics. Analyzing separately the questions, centralization has been more positive accepted in terms of customer satisfaction, time saving, simplicity and transparency. Three to four participants have replied that they agree or strongly agree that centralization of D-opening contributes to simplicity and transparency, improves customer satisfaction and help them to save time for core customer service activities. On the other hand centralization has been more negative accepted in term of clear instructions and trainings provided and double administration. Three to four participants believe that customer service team has not been well informed about the centralizations process before centralization has been launched and the provided instructions and trainings have not been enough clear. Also, four out of seven participants believe that centralization causes double administration for the local team. However, the overall results tend neither to one direction nor to other: 35% of the participants somewhat disagree or strongly disagree with the positive effects of centralization and 38% somewhat agree or strongly disagree with the questions. Furthermore, a significant percent (27%) remains neutral. Regardless of the negative attitude toward centralization in the beginning,

over time most of the involved parties have started complying with it. This is so, because usually new things are accepted with reticence. Either it is new tool or processes, in the beginning the users of it should change their approach and align it with the new one, which many times create tension, misunderstanding and time wasting, but over time they get familiar with it and prefer the new approach.

Figure 0-7

### Questionnaire results

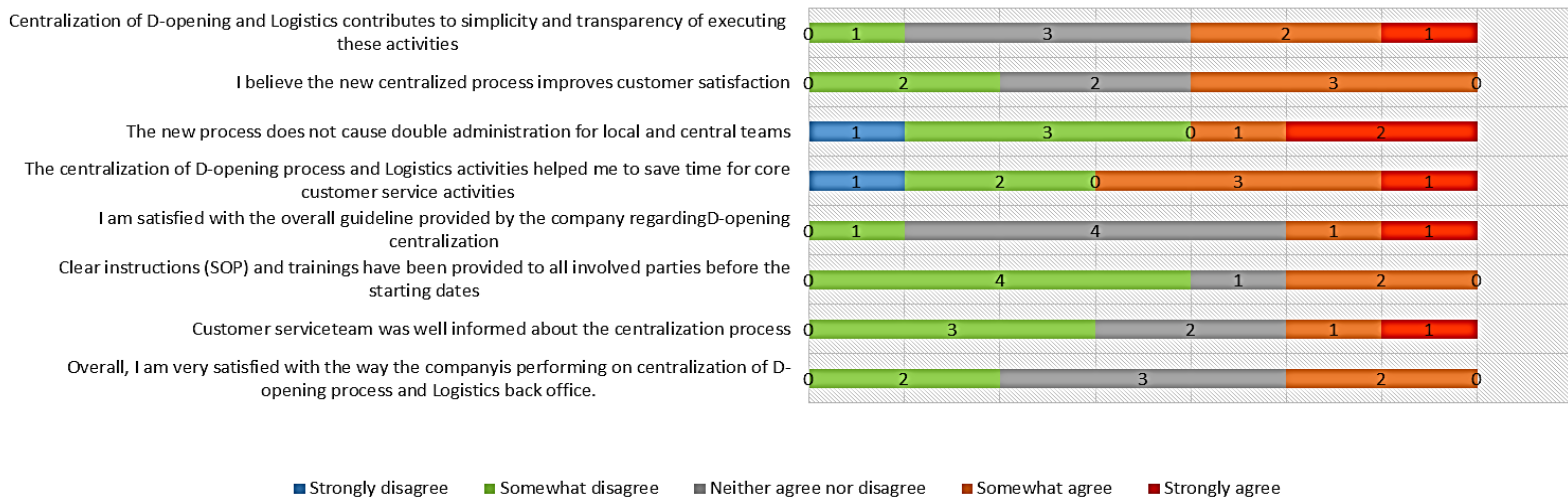
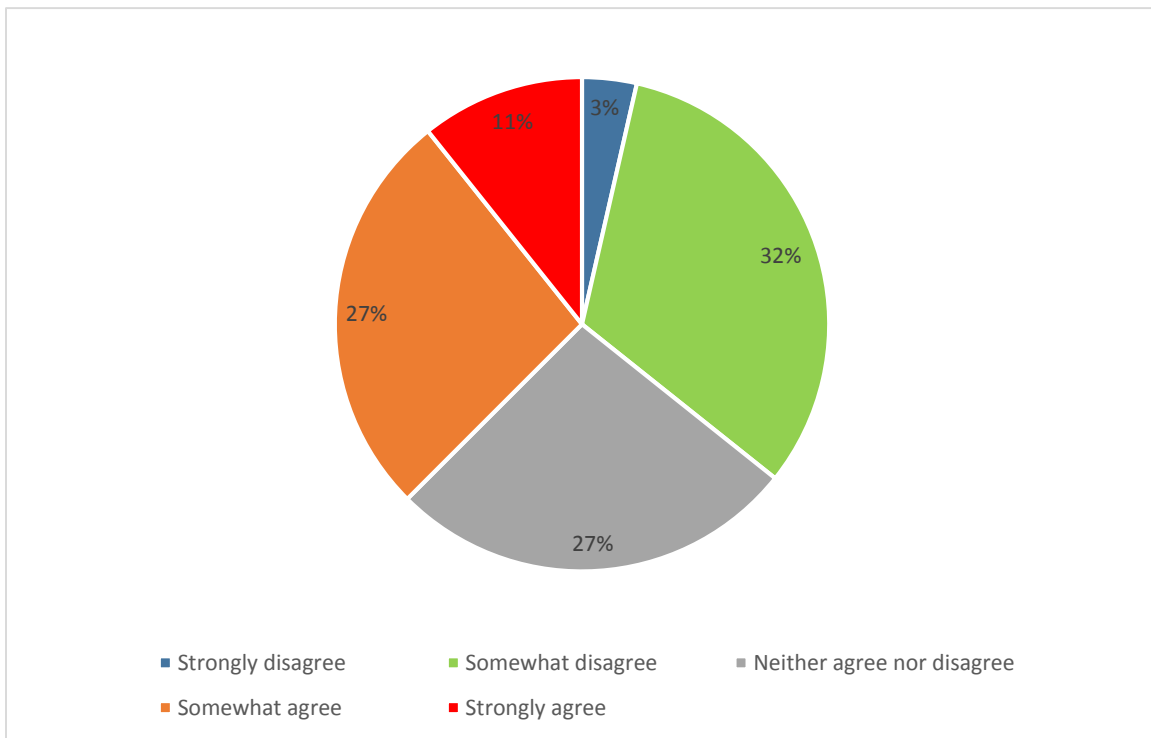


Figure 0-8



## Results of the quantitative data

In attempts to be covered the subject in a broader scale, primary data that corresponds to different KPIs has been used. The analysis in this sections is complementary to the survey results, in order to increase the accuracy and objectivity of the outcomes of this project. The quantitative data is extracted from the company's software and is divided into two periods. The first periods from 01.07.2013 to 31.12.2014 covers the period before centralizations and the second one from 01.01.2015 to 30.06.2016 covers the periods after the launch date of centralization. The Key Performance Indicators compared to the two periods are:

- Volume of Bad Data Movements (Admin umis)
- NCD charges (Charges for Non- Cooperative locaitons)
- Collections from new D locations
- New D locations created in the system

In the following paragraphs each of the KPIs is analyzed and compared separately.

### *Volume of Bad Data Movements*

Bad Data movements or Unknown Admin movements are those transactions from customer to non-existing in the system new D location. This KPI has been selected for comparison, because as have been shown in Figure 0-6 on invoices these transactions have unknown location in the Counterpart name column, which makes more complex to oversee the receivers on the invoice. Therefore customers should crosscheck also the references (PO numbers, CMR etc.) and this increases the possibility to omit some transactions. As can be seen from table 2 and 3 the amount of unknown movements after centralization is significantly more than the amount before centralization. One of the interpretations for this outcome is the limitations imposed on local team's flexibility to create new D before a transaction is made by customer. This has caused the huge amount of bad data in the system. If bad movements are not cleaned by the TDM team during the same month of declaration, they appear as unknown receiver in invoices, which has the aforementioned pitfalls.

**Table 1 Unknown movements changed to status clean before centralization**

Period 01.07.2013 – 31.12.2014	
<b>Movement Status</b>	<b>Pallets quantity</b>
Reversed from an unknown movement	69465
Unknown movement	348430
<b>Grand Total</b>	<b>417895</b>

**Table 2 Unknown movements changed to status clean after centralization**

Period 01.01.2015 – 30.06.2016	
Movement Status	Pallets quantity
Reversed from an unknown movement	61173
Unknown movement	106817
<b>Grand Total</b>	<b>167990</b>

### *New D locations created*

As expected the number of new D locations created in the system before centralization of D-locations is almost three times bigger (1667 new D before and 660 after centralization). The reason for this enormous difference is the same as for the increased number of unknown admin movements.

**Table 3 New D locations created before centralization**

Count of Account	
Channel	Total
Cooperat.D 90%+FTR	387
Cooperat.D70-89%FTR	79
Non-Coop. D <50%FTR	1114
Non-Coop. D50-69%FTR	81
Participating D	6
<b>Grand Total</b>	<b>1667</b>

**Table 4 New D locations created after centralization**

Count of Account	
Channel	Total
Cooperat.D 90%+FTR	196
Cooperat.D70-89%FTR	22
Non-Coop. D <50%FTR	405
Non-Coop. D50-69%FTR	34
Participating D	2
<b>Grand Total</b>	<b>660</b>

Further, the smaller the number of new D is, the lower the number of pallets collected from new locations. Before centralization the quantity of pallets collected was 69038 and after that it is 23206 and 434 new locations remain in basket account. The difference of 45832 pallets may have a big impact on asset management and protection in Greece. Illustrating this number in terms of loss equipment, this represent 38% of the annual asset equipment loss in Greece. The negative outcomes of such difference may lead to equipment losses and discrepancy in audit results of customers. Furthermore, when customers should be charged for those discrepancies in audits, customer satisfaction is more fragile.

**Table 5 Collections from new Ds before centralization**

Data		
	Count of Sender name	Sum of Quantity
Total	719	69038

**Table 6 Collections from new Ds after centralization**

Data		
	Count of Sender name	Sum of Quantity
Total	436	23206

### *NCD charges*

NCD (Non- cooperating distributors) locations present high asset risk to the business and Emitter locations are charged Channel revenue when making deliveries to NCD locations. These are distributor accounts which generate channel revenue for Emitters due to the risk of asset loss. These are defined by their 'channel'. The following 3 channels are assigned to D locations depending on their FTR (outbound flows (or collections from D locations)/inbound flows) :

- \* Cooperative Distributor 70-89% FTR

- \* Non-Cooperative Distributor 50-69% FTR

- \* Non-Cooperative Distributor <50% FTR

- tEDs: Transfer from an Emitter to Distributor account.
- FTR: Flow Through Ratio = Total Outbound flows / Total Inbound Flows
- LVD: Low Volume Distributors

Channel Revenue: Channel revenue is charged to a paying account when the account makes a delivery to an NCD location. This revenue is to account for the risk of the equipment being delivered into a NCD location. In Greece CHEP receives channel revenue only from NCD locations with channel Non-Cooperative Distributor <50% FTR.

The NCD KPI has been selected for the following reasons:

- All tEDs to new receivers have additional NCD charge.
- The other KPIs - New D locations and Collections from new Ds are closely related to NCD input. Less collections from new D locations means less total outbound flows and if we take a look on the FTR KPI when outbound flows decrease the whole fraction will decrease.
- <50% FTR of D locations generates NCD charges for those locations
- More NCD charges increase customer's additional cost spending for CHEP equipment

The results show that NCD charges for the period 01.01.2015 to 06.201.2016 have increased by 147 943 euro. This is due to many factors, not only the centralization of D-

opening process. Some of the factors, that have close correlation with the centralization process are described below:

- Increased tED flows to new D locations
- Increases number of D location with annual volume below 20 pallets that remain in the Basket account
- Reduced number of collections from new locations, this reduced FTR of the new D locations.

**Table 7 NCD/LVD charges before centralization**

	Data	
SAP-Channel	Sum of Amount	Sum of Qty
Cooperative D	69366.06408	14412
Non-Coop. D <50%FTR	169625.6413	42766
Non-Coop. D 50-69%FTR	37762.17976	8429
Participative D	6515.05722	1168
Semi Cooperative D	20439.45992	3809
<b>Grand Total</b>	<b>303708.4023</b>	<b>70584</b>

**Table 8 NCD/LVD charges after centralization**

	Data	
SAP-Channel	Sum of Amount	Sum of Qty
Cooperative D	47195.50878	9977
Non-Coop. D <50%FTR	317568.4174	71355
Non-Coop. D 50-69%FTR	62277.31362	14138
Participative D	10361.2467	1785
Semi Cooperative D	50262.80846	9654
<b>Grand Total</b>	<b>487665.295</b>	<b>106909</b>

The growing trend in NCD charges cannot be only attributed to the new centralized D-opening process, but it is one of the factors linked to the problem. The process automatically exclude from the asset collection procedure all new D locations with annual volume less than 20 pallets. Apart from the loss equipment for the company from these locations, they also generate automatically NCD charges for customers. Also, these locations are out of scope from the annual reclassification procedure, as they are not created as separate locations in the system. Translating this into



numbers, as of 30/06/2016 434 D locations with less than 20 pallets remained on Basket account. The total number of pallets on their stock balance was 1488 pallets or 8332,8 euro converted in NCD charges. Furthermore, this creates other intangible losses. From sales prospective, the company jeopardizes its expansion to small receiving locations. For example, if a new or existing CHEP customer will start partnership with 200 new retailers with small annual volume below 20 pallets, but total volume 3000 pallets, it is difficult to convince a customer turning to CHEP equipment, if additional 5,80 euro will be accrued for each pallet and this cannot be improved.

Table 9











KPI	Before centralization	After centralization	Effects
Volume Bad Data Movements	348430 	106817 	<ul style="list-style-type: none"> <li>• Less transparency of new receivers on invoices</li> <li>• Less admin work for local CS to create new D locations manually</li> </ul>
Number of new D locations	1667 	660 	<ul style="list-style-type: none"> <li>• More time consuming for customers who declare outflows via Portfolio</li> <li>• More admin movements</li> </ul>
Collections from new D	69038 	23206 	<ul style="list-style-type: none"> <li>• Lower FTR from new Ds</li> <li>• More equipment losses</li> </ul>
FTR form new Ds	130,1% 	35,3% 	<ul style="list-style-type: none"> <li>• More equipment losses</li> <li>• More NCDs</li> </ul>
NCD charges in euro	169625.6413 	317568. 4174 	<ul style="list-style-type: none"> <li>• Increased customers' cost for extra charges, that can be reduced</li> <li>• Higher average price per pallet</li> </ul>

Table 9 summarizes the results from the numerical data of the research. In the last column are listed both negative and positive effects of KPIs variance before and after centralization. The

constraints imposed on local teams not to create D locations manually, unless they belong to an existing RP, have negative, but also positive effects. The complexity of invoices and the relevant difficulties for customers have been already discussed. A positive effect that have not been mentioned is that this limitation exempts local CS team from the task of D-opening, so the time spent on this activity can be allocated to something new. Moving on to the second KPI Number of new D locations, another negative impact of the decreased number of new Ds after centralization that have not been mentioned is that customers who make declarations to new receivers via portfolio plus spend more time on CHEP declarations. Collections from new Ds have decreased significantly after centralization due to the Basket account process. New D locations that receive less than 20 pallets are practically excluded from calls for equipment collection. Thus, they have lower FTR and channel classification <50% FTR, categorizing them as Non cooperating D (NCD). Proof for this is the 12 month FTR of new Ds as of 30.06.2016 was 35,3%, while the 12 month FTR from new Ds as of 31.12.2014 was 130,1%. That's why as expected the total amount of NCD charges after centralization is higher than the amount before centralization. These extra charges increase the average price per pallet that customers pay for outflows to new receivers for CHEP system. Channel charging is a source of dissatisfaction within CHEP's customer base and a reason some customers explore and sometimes choose alternative pooling solutions, hereof growing NCD charges have an negative effect on customers.

### ***Decentralization versus Centralization***

**Table 10**

	<b>Decentralization</b>	<b>Centralization</b>
<b>Advantages</b>	<ul style="list-style-type: none"> <li>• Receivers with no existing gid in the system can be created manually by the local CS irrespective of quantity declared and reporting parent</li> </ul>	<ul style="list-style-type: none"> <li>• Standardization of D opening process across organization</li> <li>• Saving administrative time on D opening process for local CS team</li> </ul>

	<ul style="list-style-type: none"> <li>• Unknown admin movements to unknown receivers are reduced</li> <li>• Collections from small D locations with less than 10 pallets stock balance can be scheduled easily</li> <li>• Customers have visibility of the new receiver names in the invoices</li> <li>• Easier control over missing declarations to new D locations</li> </ul>	<ul style="list-style-type: none"> <li>• Higher level of specialization for specific processes</li> <li>• Alignment of activities between different central teams</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• More manual administrative work for local back office staff to open new D locations</li> <li>• No alignment with central processes, making central team's activities more ambiguous with higher risk for errors.</li> </ul>	<ul style="list-style-type: none"> <li>• Receivers not existing in the system with gid cannot be created manually by the local CS irrespective of quantity declared and reporting parent</li> <li>• Collections from small D locations with less than 10 pallets stock balance are neglected</li> <li>• Lost equipment from the new D locations that remain in the basket account</li> <li>• Customers have not visibility of the new</li> </ul>

		<p>receiver names in the invoices (see picture )</p> <ul style="list-style-type: none"> <li>• More complicated control over missing declarations to new D locations</li> </ul>
--	--	--

## Conclusion

Recapping the findings of the survey and the primary data from the software system, the final outcome derives to the majority of the answers of the project questions initially raised. In terms of employee's satisfaction the outcome of the questionnaires lead to unrepresentative conclusions due to small sample and contradictive results of different dimension of employee's satisfaction. Most of them are not enough satisfied with the SOPs and trainings provided to local teams regarding new processes, but also they believe that centralization has caused double administration. However, in terms of customer satisfaction, simplicity/transparency and time saving the responses tend to be more positive. However, the sample size cannot help us to derive persuasive generalizations. In contrast, the quantitative data shows more clear sequences of centralization of D-opening procedure. Negative outcomes are dominant in the selected KPIs. NCD charges have increased by 147 943 after centralization (around 50%), due to complex factors and one of them is centralization of D-opening. The average stock balance of around 2000 pallets of the basket account can be assumed as direct equipment loss, since these pallets cannot be collected from non-created D locations. Converting 2000 pallets in NCD charges, this costs approximately 10 000 additional euro to CHEP customers. For Asset management, KPIs indicates even more unfavorable results. It can be observed a big drop down of 45 832 pallets collected from new Ds. This number has a huge impact on FTR of new Ds (35,3%), which is significantly lower for the period 01.01.2015 – 30.06.2016. These outcomes induces a conclusion that the new process can put at risk customer satisfaction, due to more NCD charges; creates more complexity of invoices and lead to more loss equipment.

Lastly, centralization of processes is inevitable in a multinational business world, where alignment of procedures contributes to central cost reduction, effectiveness and consolidation. However, leaving some open doors for local flexibility will bring more added value to the whole business.

## Recommendations

Considering the final output of this consulting project, the following proposals for the improvement of D-opening process could be useful:

- Centralization of processes in a multinational environment contributes to standardization of implementation, but it should be adjusted to some local needs, providing to local parties more flexibility.
- Flexibility on exceptions for some countries should be adopted after a justified local request.
- Preliminary communication between central team and local managers for better understanding of the specifics of local market
- Applying fact based decision for small countries; proactively collating data, for example
  - what % of the total FTR comes from new D locations;
  - how many D locations receive annual volume below 20 pallets;
  - what is the total number of pallets collected from these locations and what percentage this volume represent of the annual loss equipment?

From cost and time perspective, incorporating the above recommendations in the centralization planning will be more time consuming and expensive for the central implementation. In any case the central management team should size up what best comport with company's priorities.

## References

- [www.chep.com](http://www.chep.com)
- [www.brambles.com](http://www.brambles.com)
- Centralization in an Organization: Advantages and Disadvantages, Asma Zaineb, 11.01.2011. Link to original article: <http://blog.commlabindia.com/elearning-design/system-of-centralization>

- Centralized Operations: The future of operating models for Risk, Control and Compliance functions, EY, February 2014. Link to original article: [http://www.ey.com/Publication/vwLUAssets/EY - Centralized operations: future of Risk, Control and Compliance/\\$FILE/EY-Insights-on-GRC-Centralized-operations.pdf](http://www.ey.com/Publication/vwLUAssets/EY_-_Centralized_operations:_future_of_Risk,_Control_and_Compliance/$FILE/EY-Insights-on-GRC-Centralized-operations.pdf)
- How to design a shared service center that works, PwC Advisory Services sourcing. Link to original article: [https://www.pwc.com/us/en/issues/efficient-shared-services-centers/assets/shared\\_services\\_qualifications.pdf](https://www.pwc.com/us/en/issues/efficient-shared-services-centers/assets/shared_services_qualifications.pdf)
- [http://www.b2bmanagementservices.com/why\\_use\\_managed\\_services/business\\_consolidation/](http://www.b2bmanagementservices.com/why_use_managed_services/business_consolidation/)
- Should you centralize or decentralize your logistics structure? Not an easy question: The answer really depends on your strategic priorities. Becky Partida, Research Specialist-Supply Chain Management, APQC. Link to original article: [http://www.supplychain247.com/article/centralizing\\_logistics\\_leads\\_to\\_mixed\\_results](http://www.supplychain247.com/article/centralizing_logistics_leads_to_mixed_results)

## Appendix

### Abbreviation table

**A**

**A stock** - Pallets or Containers awaiting inspections

**ABC** - Description of the business flow stock and processes within the CHEP system.

**B**

**B stock** - Pallets or Containers before conditioning (repair)

**Bad Data (Status)** – Umis have been sent to Bad data due to customer incomplete information about their flows, or tDD movements that their quantity requirements are not fulfilled.

**BW** – Abbreviation of Business Warehouse

## C

**C stock** - Pallets or Containers before conditioning (repair)

**CHEP** - Commonwealth Handling Equipment Pooling

**Codification Team** – Owner of Manual Match, D-opening & Basket Account & tDD low volume process.

**Codification Team** – Owner of Manual Match, Droplist & D-opening process

**CS** – Abbreviation of Customer Service, department in charge of customers.

**CSO** - Abbreviation of Customer Service Officer, clerk's in charge of the

## D

**D or R** - Distributor (retailer)

**D –Opening Process:** The D opening process classifies all the new receiver of Chep equipments created either from transactions (real movements), Drop List or Portfolio in Europe.

**DM – D Management.**

**DOD** – Date of Dispatch, the real date of the flow

**DQS** – Abbreviation of Data Quality System.

**DQS** – CHEP software that is used to search locations within the CHEP network.

## E

**E or M** - Emitter (manufacturer)

**EDI** – Electronic Data Interchange

**ERP** - Enterprise Requirement Planning

**Examine (X) Status** – Umis waiting for an extra-check to be posted.

## F

**FTR** – Flow Through Ration –Out flows/In Flows

**FY** – Fiscal year

## G

**Global ID** – This is a 10 digit numerical code that is given to CHEP customers and receivers of pallets

## K

**KDG** – Abbreviation of Key Distributor Group.

**KPI** – Key Performance Indicator

## L

**LDC** – Late declaration charges for outflows declared 45 days after the delivery date of dispatch

**LEC** – Lost Equipment Charges

**LVD** – Low Volume Distributor

## M

**Manual Match Process** – See details in EU-FTDM-PR-003 Manual Match.

**MD** – Abbreviation of Master Data – Department in charge of maintaining the

## N

**NCD/LVD** – Abbreviation of Non-Coop. D <50%FTR (NCD) & A Minor: Small < 100 (LVD). It is the low-priced classification for Distributors.

## P

**PACE** – Abbreviation of Planning & Admin Central Europe.

## R

**RP** – Abbreviation of Reporting Parent – Account that links accounts/ship to's

**S**

**SAP** – CHEP software that is used to control the balances and financial records

**Screening Process** – Based On PACE Recommended Classification Report, this macro suggest the Channel & Location Size for each new receiver.

**Sherlock** – CHEP software that is used to search locations within the CHEP

**Siebel** – A CHEP workflow tool.

**Suspect** – new account awaiting classification.

**T**

**TT** - Table created to link the customer own codes with the Chep GLIDs.

**U**

**UMI** – Abbreviation of “Unique movement identification” which identifies each customer declaration. his code contains information about the number of pallets declared (quantity-abbreviated as qty), different dates, etc.